



EXHIBIT 6
DATE 2-18-13
HB 443

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MEDA represents over 230 members, who are actively involved in local economic activity, community development, job retention and job creation for Montana.

February 13, 2013

TO: Chairman Mike Miller and members of the House Taxation Committee

RE: HB443 Revise termination and authorization of tax increment financing

Montana Economic Developers Association (MEDA) stands in opposition to HB443.

Below is information provided by Dorsey and Whitney that MEDA would like to share with the House Taxation Committee:

Tax increment financing ("TIF") is a critical economic development tool for local governments across the State of Montana. TIF districts allow local governments to reduce blight and build public infrastructure to encourage private investment and development. It takes years for a TIF district to accumulate sufficient TIF funds to pay for streets, sidewalks, utilities and other statutorily authorized improvements. The ability to finance these improvements by issuing bonds with a repayment term that is currently authorized under the TIF statutes is essential in helping to accelerate growth in a TIF district. By financing costs early and spreading the costs over a longer period of time, TIF districts can help to transform a community through private development.

We believe House Bill 443 ("HB 443") would negatively impact the ability of local governments to utilize TIF in two ways.

First, HB 443 provides for the expiration of TIF provisions 15 years after such provisions are adopted. For communities issuing TIF bonds to pay for improvements, this shortened period means significantly less time to develop sufficient increment. Bond investors require an established historical tax increment revenue stream before they will make an investment in TIF bonds. This requirement further reduces the time period for issuing and repaying bonds. The affect will be a reduction in the overall scope of the public improvements undertaken within a TIF district and therefore less ambitious private development.

Second, HB 443 provides that the Department of Revenue "may adopt rules to implement and administer the revenue and taxation provisions" of the TIF statutes. It is not clear what this broad delegation of authority is intended to achieve or if it is a permissible delegation of authority. To the extent that this provision gives the Department of Revenue the ability to substantively change TIF statutes through administrative processes, it creates uncertainty about the future of TIF. Such uncertainty negatively affects the marketability of TIF bonds, leading to lower bond ratings, higher interest rates or the inability to sell TIF bonds altogether. Bond investors require certainty with respect to the base taxable value of a TIF district and the manner in which increment is calculated and comfort that bond repayments will not be jeopardized through an unpredictable administrative process.

For these reasons, we believe HB 443 threatens the viability of TIF as a powerful tool for economic development, and we do not support HB 443.

Please contact Dan Semmens or Erin McCrady of Dorsey & Whitney LLP with any questions.

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For MEDA,

A handwritten signature in cursive script, appearing to read "Tracy McIntyre".

Tracy McIntyre, President